



Halliburton faces more scrutiny over bills

By Christian Miller
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The oil giant Halliburton has been hit with some of the sharpest criticism yet over its work in Iraq, with US Government auditors highlighting a lack of control over subcontractors, and whistleblowers alleging massive overspending.

The Defence Contract Audit Agency found that Halliburton's system of billing the US Government for billions of dollars of contracts was "inadequate in part", failing to follow the company's own internal procedures or even determine whether subcontractors performed work.

Four former Halliburton employees also issued signed statements saying the company had routinely wasted money. They described how trucks worth \$US85,000 (\$A124,000) were abandoned on roadsides for minor problems such as flat tyres, or driven into the ground due to lack of basic maintenance.

"There was this whole thought process that we can spend whatever we want to because the Government won't crack down in the first year of a war," said Marie deYoung, a former logistics officer with the company. "They had no incentive whatsoever to be prudent."

Halliburton officials declined to tackle specifics of the allegations by former employees but vowed to investigate them. The officials said they were working to correct many deficiencies revealed in the audit and disputed that they had failed to control subcontractor costs.

The latest charges were made by Democrats on Monday. They are trying to focus attention during the presidential campaign on the links between Halliburton and Vice-President Dick Cheney, who ran the company between 1995 and 2000.

Californian Democrat Henry Waxman, one of Halliburton's most ferocious critics in Congress, was planning to introduce the whistleblower testimony at a hearing yesterday by the House Government Reform Committee. But he was blocked by the Republican committee chairman, Thomas Davis, who was seeking time to investigate the complaints.

Instead, Mr Waxman released a copy of the audit, the whistleblower statements and an angry letter to Mr Davis demanding the committee increase its oversight of the Halliburton contract.

"Although aggressive oversight by Congress is urgently needed, it appears that you have decided on a different course," Mr Waxman wrote. "This is inconsistent with our committee's fundamental mission" to protect the taxpayer from waste, fraud and abuse.

A spokesman said Mr Davis was willing to hear testimony by the whistleblowers, but wanted to corroborate their claims first.

Mr Waxman's demands follow his statement on Sunday that political appointees, not procurement experts at the Pentagon, had recommended in 2002 that Halliburton be awarded a contract to plan the postwar reconstruction of Iraq's oil industry. Pentagon officials confirmed that account.

The decision on the planning contract led to Halliburton winning a secretly negotiated contract worth up to \$US7 billion to carry out reconstruction. But no evidence has been presented that Mr Cheney influenced the awarding of the contracts to his former company. He has long denied that he had any influence over the contracts.

Defence Department officials say they notified Mr Cheney's office that they planned to award the contract to Halliburton, but only to alert him to a potentially politically controversial decision.

The Defence Contract Audit Agency's audit is the latest to find fault with Halliburton's practices. Earlier audits found the company overcharged for more than \$27 million in meals in Iraq, which Halliburton has disputed. It also found potential overcharges of up to \$61 million for petrol.

The most recent audit, dated May 13, found that the company failed to follow its own procedures for billing the Government. It found that Halliburton often did not check to see if subcontractors had performed work for which they were being paid.